



Procedure:	Financial Procedures
Finance	
Approval:	April 2018
Review Date:	April 2020
Code:	FM 03

PROVANHALL HOUSING ASSOCIATION LTD

Financial Procedures

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1. Introduction

- 1.1 In order to facilitate the efficient and effective operation of the organisation in matters relating to finance, a series of financial controls have been established.
- 1.2 These controls incorporate basic elements of financial control which exist in most organisations as well as those which may be peculiar to this particular organisation.
- 1.3 It is in the interests of the organisation that these controls are made known and are adhered to by both staff and Committee members. In this respect, the co-operation of all concerned is required.
- 1.4 These procedures together with the financial regulations form part of the overall system of financial and management control and take account of the Scottish Housing Regulator's (SHR) standards of Governance and Financial Management
- 1.5 These procedures shall be reviewed every 2 years.
- 1.6 It is essential that the finance agents be notified immediately of any event, which has, or may have, material financial implications for the Association.
- 1.7 In the event of failure to follow agreed procedures further action may be taken against the offending individual(s).

2. Budget Process

- 2.1 The value of the budget statement as a Management tool should be recognised and under no circumstances should Provanhall Housing Association (PHA) be operating without a comprehensive budget document.
- 2.2 In preparing the budget statement appropriate consultation and discussion with all sections of the organisation must take place and guidance from the Scottish Housing Regulator must be recognised and considered.
- 2.3 The budget setting process must allow adequate input from all sections within the Association. The Finance Agents shall issue a formal and detailed budget information request in November of each financial year to the Association. The Director has responsibility for co-ordinating the supply of information to the Finance Agents within agreed timescales.
- 2.4 The Management Committee shall consider a draft budget for the year prior to approving the final budget document and the annual rent increase. The final budget document approved for the year must contain appropriate supporting narrative, including details of main assumptions employed,

material changes from the previous year, appropriate ratio analysis, loan covenant compliance and a comparison with the expected long term cash projections. The final budget shall be approved prior to the year end of the year before that to which the budget refers.

2.5 Budget Setting Timetable

Budget Request issued to senior staff and completed by	December
Draft Budget to management Committee/Man Team	January
Review of Economic factors and second draft to Committee	February
Final Budget updated to reflect inflation figure	February

There shall also be an annual review of the actual out-turn against the 30 year projections

2.6 On completion of the annual budget a copy shall be sent to the external auditors and all funders.

2.7 Management accounts should be prepared on a quarterly basis and shall compare the estimated and actual income and expenditure for the period to date. Any material variances must be highlighted and explained to Committee within the covering report issued within the management accounts

3. **Tendering Procedure**

3.1 Any required tender for the supply of goods, services or works will be carried out in accordance with the associations Procurement policy.

3.2 On receipt of the aforementioned sealed tender documents a receipt will be issued to the tendering company's representative and the tendered document will be locked in the Associations safe, unopened. Under no circumstances should any tender documents be opened prior to the agreed date/time by which tenders had to be received.

3.3 All tenders must be opened in the presence of a minimum of one staff member and two Committee members.

3.4 Details of the tendering company, tender cost and witnesses signatures must be entered in a tender register which will contain the nature of the works, companies invited to tender and the closing date/time for tender submissions. The register will also highlight where a company makes no tender submission.

- 3.5 Where the lowest tender is not accepted details of the reasons for this decision must be clearly noted in the Tender Report to the appropriate Committee or Sub-Committee meeting.
- 3.6 A tender report must be presented to the Management Committee or relevant Sub-Committee on the outcome.

4. Receipt of Monies

- 4.1 The cash handling procedures should be followed for all cash and cheques received in to the office. (See Cash Handling Procedure)
- 4.3 Receipt of rent, factoring, re-chargeable repairs and other sources of income at the office counter should be strongly discouraged. Anyone making payments at the office should be advised of the alternative payment methods available.
- 4.4 A receipt shall be issued for all monies received at the office. The front receipt should be passed to the payee with the copy receipt being retained in the receipt book.
- 4.5 Funds of a material amount, defined as amounts over £10,000, must be lodged on day of receipt prior to close of banking business. Otherwise, banking shall take place on the last banking day of each month.
- 4.6 All postings of the rent receipts shall be posted into the SDM Rent Accounts by the Housing Services Staff. Technical Services Staff shall be responsible for updating all re-chargeable repairs payments received.

5. Invoices/Orders

- 5.1 When an invoice for the goods is received, the Receptionist shall grid stamp, date stamp the invoice, and pass to the Director via the mail. (Cross Ref: Mail procedure)
- 5.2 The invoice should then be passed to the staff member responsible for the commitment to spend who is also responsible for checking and approving the invoice (including the additions of amounts). Any requests to raise a cheque must be authorised by a member of the Management Team.
- 5.3 The invoice, when authorised, should be passed to the Administration Assistant for uploading on to the Purchase Ledger. At this point the delivery

notes should be attached to the invoice. The invoices are then passed to the Finance Agent for payment.

- 5.4 Invoices for Maintenance works shall follow the above procedure with the following exceptions: -
- i) The Technical Services Section is responsible for issuing repair orders.
 - ii) Invoices will only be paid for work completed and actual costs incurred. Estimates will not be paid.
 - ii) A repair order form shall be attached to the analysed invoice at 5.3 noted above.
 - iii) It is the responsibility of the Technical Services Section to ensure the appropriate coding of the repair invoices.
- 5.5 Authorisation levels are contained within the Association's Financial Regulations.
- 5.6 Delivery notes and statements shall be attached to the authorised invoice.
- 5.7 Where any invoices are issued by the organisation they should be dated, numbered and maintained in an appropriate register. The Director will update this register as payments are received. The Director will monitor this spreadsheet quarterly for outstanding payments.

This register is held at: Excel/x/finance/invoices out

6. Payments

- 6.1 A payments list (cheques & BAC payments), detailing the cheque number (where applicable), payee, total paid and a general description of the works or services, should accompany each batch of payments being authorised.

The Director will double check and verify all payments to be processed prior to payment being made.

- 6.2 Payments will be made via BACS and SQV file transfers on the Corporate banking site. Only the Director and the Technical Services Manager are authorised to carry out these transactions.
- 6.3 All cheques require two signatures. Currently, the Association cheque signatories are: -

Patricia Gallagher - Director
Liz McEwan - Chairperson
Christine Morris - Secretary

- 6.4 After payment, a copy of the list and invoices approved will be inserted into the expenditure vouchers lever arch folder.
- 6.5 Cheques should then be issued to the payee together with a suitable remittance advice confirming payment details.
- 6.6 Cheques issued should run in numerical order.
- 6.7 In the event that no invoice is available e.g. petty cash, rent refund etc, a cheque request voucher must be completed and paperwork attached confirming the reason for the payment. This must be authorised by a member of the Management Team or the authorised signatories.
- 6.8 The Association currently operates the following accounts with the Bank of Scotland: -
- Current a/c
High Interest a/c
Rent a/c
- 6.9 Payments to creditors shall be made in accordance with any contractual obligation. Where no contractual obligation exists, payment shall be made within 30 days, unless an invoice is under dispute, therefore, the 30 days will not apply.
- 6.10 When any Contractor notifies the Association of a change of bank account or preferred payment method, all such requests must be sent to the Director. The Director will verify any such request, not using the details on any letter received, but by an alternative means. The Director shall confirm this verification on the document received. This shall then be retained by the Finance Agent. This procedure must be carried out to eliminate fraudulent payment requests.
- 6.11 All cheque books shall be kept in the safe which should be kept locked at all times. Only the Finance Agent and the Director have authority to write cheques.
- 6.12 No cheque signatories may sign a cheque written out to themselves.

7. USE OF MASTERCARD CARD

- 7.1 The Mastercard credit cards may only be used by authorised card holders. Currently the authorised card holders are:

Patricia Gallagher Director

Jim Wylie Technical Services Manager

- 7.2 The Mastercard cards are retained by the individuals noted above
- 7.3 Supporting paperwork for all occasions when the credit cards are used shall be stored by the cardholder until receipt of the bill
- 7.4 On receipt of the credit card bill, the cardholder shall check the bill against the supporting paperwork, and all supporting paperwork shall be attached to the bill.
- 7.5 The credit card bill is paid by Direct Debit from the Bank of Scotland current account.
- 7.6 The Secretary shall check the credit card account each month. The Secretary shall initial and date the credit card account as evidence of the checking.
- 7.7 Misuse or suspected misuse of a Credit card shall be reported to the Management Committee without delay.
- 7.8 Records of all Mastercard accounts and supporting paperwork shall be filed with the bank statements. Filing of the Mastercard accounts shall be the responsibility of the Finance Agent. Filing should not take place until after the Secretary has signed off the statements.
- 7.9 The limit on the credit cards will be £750.

8. Petty Cash

- 8.1 All petty cash cheques should be contained on a cheque payments list as per the appropriate procedure.
- 8.2 All petty cash disbursements must be accompanied by a receipt and/or a petty cash voucher signed by the parties making and receiving payment.
- 8.3 The petty cash vouchers must contain details of what the expense refers to and must be dated as at time of payment.
- 8.4 All staff expenses –with the exception of overnight allowances - shall be paid via the wages system as opposed to via petty cash. Any reimbursement of costs incurred, where a receipt is available, may be paid via petty cash. The Director must approve any other payments.
- 8.5 At no time should the petty cash fund be used by any Staff/Committee member for purposes other than expenditure wholly and necessarily incurred on official business.

- 8.6 The person responsible for the handling of petty cash and associated records must be clearly defined. Currently this is the Administration Assistant. In the event of absence, petty cash matters are the responsibility of the, Technical Services Manager or Housing Services Manager
- 8.7 The Admin. Assistant is responsible for the monthly reconciliation of the petty cash.
- 8.8 It is essential that the petty cash box remains in the safe unless cash deposits/disbursements are being made.
- 8.9 Any petty cash shortage which cannot be identified must be advised to the Director without delay.

9. Salaries/Expenses

- 9.1 Salary and wage increases arising from staff promotions, incremental increases or pay awards must be approved by the Management Committee or authorised subcommittee prior to any payment being made.
- 9.2 Any request for overtime should be approved by the Director, or the Management Committee if it is for the Director, in advance where possible and any claim should be accompanied by an overtime form signed by the individual requesting payment and authorised by the Director or an Office Bearer.
- 9.3 Any request for reimbursement of expenses/mileage costs should be accompanied by an expenses claim form signed by the individual requesting payment and authorised in accordance with the Financial Regulations. Receipts should be provided where possible. No expenses should be paid until the claim form has been authorised by the Line Manager, or the Chairperson for the Director.
- 9.4 For the purposes of statutory sick pay the Finance Agent must be made aware of all absences from work arising from sickness.
- 9.5 Salary processing is the responsibility of the Finance Agents.
- 9.6 Salary payments are due no later than the 27th day of each month and shall be processed to ensure adherence with this timetable.
- 9.7 The Finance Agents are responsible for submission of all PAYE returns in accordance with statutory timetables.
- 9.8 The Finance Agents are responsible for submission of all online submissions to the Pensions Trust prior to the 14th of each month.

10. Committee Expenses

- 10.1 All claims for reimbursement of expenses must be accompanied by an expenses claim form signed by the individual requesting payment and countersigned by the Association's Director.
- 10.2 Where possible receipts must be obtained and attached with any claim made.
- 10.3 Where payment is made to a 3rd party in respect of childminding expenses Payment will be made directly to the 3rd party by the Association. Such payments must be approved in advance by the Director.
- 10.4 Payment of expenses shall be made in accordance with the Committee Members Expenses Policy.

11. Maintenance/Repairs

- 11.1 The Technical Services Manager will be advised the finance agents prior to the commencement of each financial year of funds required for day-to-day, cyclical and major repair maintenance works. This will be done via the budget preparation process.
- 11.2 The allocation of funds will exclude any salary costs, recoverable costs and overhead allocation and will refer solely to monies available for repairs by outside contractors and the purchase of materials.
- 11.3 Finance/Technical Services staff will liaise prior to the commencement of the financial year for the purposes of agreeing an annual maintenance/repairs plan to be submitted to Committee for approval.
- 11.4 The Technical Services Manager at the commencement of each financial year will submit a report for Committee approval which will state:-
 - Trade
 - Hourly rate
 - VAT registered
 - Valid insurance documents
 - Equal opportunities compliance
 - Declaration of Interests
 - Health and Safety Documents.
- 11.5 Finance/ Technical Services staff will liaise on a quarterly basis for the purposes of monitoring actual/planned expenditure.
- 11.6 The Technical Services Manager is responsible for ensuring that expenditure remains within budget and that all contractors hold up to date and valid insurance cover.

- 11.7 The Technical Services Manager is responsible for maintaining all insurance documents.
- 11.8 It must be recognised that circumstances may result in the annual budget allocation being amended during the course of the financial year.
- 11.9 Where it is expected that specific repair projects will exceed £50,000 the Procurement Policy must be observed unless it is necessary to carry out the work immediately in order to prevent danger to life, limb or property.
- 11.10 Projections of cyclical maintenance/major repair works must be compiled under the control of the Technical Services Manager and be reviewed on an annual basis in order to allow incorporation of the financial effects into the revised long-term financial projections.

12. Factoring

- 12.1 General procedures relating to factoring activity are contained within separate factoring procedure notes retained by the Housing Services Section.
- 12.2 Procedures relating to the receipt of cash funds for factoring activity are noted within the cash handling procedure.
- 12.3 At each quarter end the Housing Services Officers shall produce a full reconciliation of individual factoring balances. This shall include individual opening balances, accounts issued, sums paid, any adjustments and closing balance.
- 12.4 The Finance Agent shall agree the Control Account balance with the month end trial balance figure. Any differences must be investigated and resolved promptly.
- 12.5 The Housing Services Manager has the responsibility for the Factoring Service and the issue of timeous factoring accounts.
- 12.6 The Management Committee shall receive a quarterly report detailing the factoring accounts position.

13. Re-chargeable Repairs

- 13.1 General procedures relating to re-chargeable repairs are contained within a separate Re-chargeable Repairs policy retained by the Technical Services Section.
- 13.2 Procedures relating to the receipt of funds for re-chargeable repairs activity are noted within the cash handling procedure.

- 13.3 It is the responsibility of the Technical Services Manager to code re-chargeable invoices in an appropriate manner in order to confirm, to finance, any invoices to be recharged.
- 13.4 Invoices in respect of re-chargeable repairs shall be prepared by the Technical Services Officer.
- 13.5 A copy of all Re-chargeable Repairs invoices shall be retained by the Technical Services Officer who shall produce a full reconciliation, at each month end, detailing date of issue, name, address, amount invoiced, payment date and closing balances.
- 13.6 The Finance Agent shall agree the Control Account balance with the month end trial balance total for re-chargeable repairs outstanding. Any differences should be investigated and resolved promptly.
- 13.7 The Management Committee shall receive a quarterly report detailing the re-chargeable repairs accounts position. The Technical Services Manager is responsible for this.

14. Insurance Claims

- 14.1 The submission of all insurance claims is the responsibility of the Technical Services Manager.
- 14.2 Whilst it is the responsibility of the Technical Services Manager to advise and liaise with the loss adjuster on property claims, the finance agents must be made aware, at the outset, of any material issues and be kept informed regarding progress.
- 14.3 It is the responsibility of the Technical Services Manager to code maintenance invoices in an appropriate manner in order to confirm, to finance, any invoices subject to a claim.
- 14.4 Copies of all claims should be retained in an Insurance Claims file which should contain a summary sheet detailing date of incident, date of claim, address, claim amount, payment received and date of receipt.
- 14.5 The Finance Agent should agree the balances outstanding at each quarter end with the trial balance control account for insurance claims. Any differences should be investigated and resolved promptly.

15. Loan Agreement Compliance

- 15.1 In order to ensure the monitoring of compliance with the terms of the loan agreements with lenders, the following clauses and their contents must be noted:

Information
Covenants
Valuations
Default

- 15.2 The Finance Agent shall have the responsibility for ensuring the monitoring and submission of financial information including budgets, quarterly management accounts, annual accounts, covenant monitoring and revisions to long term projections.
- 15.3 The Director has a duty of responsibility regarding the full awareness and adherence to the terms of and conditions of all Loan agreements with all lenders.
- 15.4 A report on loan agreement compliance shall be prepared quarterly with the quarterly Management accounts.

16. Reporting Process

- 16.1 The financial management reporting process is as outlined in the Business Plan.

17. Review

These financial procedures shall be reviewed once every two years or sooner if required.

Related Policies

Mail Procedure
Cash Handling Procedure
Insurance Claims procedure
Salary Procedure
Procurement Policy
Rechargeable Repairs Procedure
Factoring Policy
Invoice Payments Policy
Payments, Benefits and Corporate Accountability
Payment of expenses

Please sign below that you have read and understood the Financial Procedures approved May 2018.

1.	_____	Date: _____
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